

Message Text

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PAGE 01 BUDAPE 03656 071759Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----002914 071802Z /44

O 071650Z SEP 78
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC IMMEDIATE 2422
INFO AMEMBASSY MOSCOW
AMEMBASSY BUCHAREST
AMEMBASSY PRAGUE
AMEMBASSY BELGRADE
AMEMBASSY WARSAW

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EXDIS

E.O. 11652: N/A
TAGS: EAIR
SUBJECT: SUSPENSION OF PAN AM SERVICES

REF: STATE 226048

1. THE PAN AM DECISION TO SUSPEND AIR SERVICE TO BUDAPEST WILL UNDOUBTEDLY BE MOST DISAPPOINTING TO THE HUNGARIAN GOVERNMENT. COUPLED AS IT IS WITH SUSPENSION OF SERVICE TO MOSCOW AND SOME OTHER EAST EUROPEAN CAPITALS, IT WILL PROBABLY BE SUGGESTED THAT THIS STEP IS A REFLECTION OF U.S. DISINTEREST IN EASTERN EUROPE, MAYBE IS POLITICALLY MOTIVATED, AND THAT THE USG IS INVOLVED IN THE DECISION. MOREOVER IT COULDN'T COME AT A WORSE TIME FROM THE POINT OF VIEW OF OUR BILATERAL RELATIONS. THE HUNGARIANS WILL NOT ONLY BE DISTRESSED BY IT, BUT WILL ALSO FIND IT INCOMPREHENSIBLE IN VIEW OF THE FACT THAT FOR MONTHS WE HAVE BEEN TALKING ABOUT OUR IMPROVED BILATERAL ATMOSPHERE, PARTICULARLY IN THE
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ECONOMIC FIELD.

2. THE PAN AM REPRESENTATIVE IS THE ONLY U.S. BUSINESSMAN RESIDENT IN BUDAPEST. THE CLOSING OF THE BUDAPEST OFFICE, WHICH WE ASSUME WILL TAKE PLACE, IS AN UNWELCOME DIMINUTION IN THE U.S. COMMERCIAL PRESENCE IN BUDAPEST.

3. LOSS OF DIRECT U.S. AIR SERVICE BETWEEN BUDAPEST AND THE U.S. WILL HAVE AN ADVERSE EFFECT ON POST OPERATIONS. U.S. PERSONNEL WILL NOW HAVE TO TRANSIT A WEST EUROPEAN GATEWAY CITY, STAYING OVERNIGHT THERE. TRAVEL TIME AND PER DIEM COSTS WILL RISE ACCORDINGLY. THE IMPACT ON UNCLASSIFIED POUCH SERVICES WILL BE MINIMAL SINCE ALTERNATE ROUTINGS ARE POSSIBLE. USE OF FOREIGN FLAG AIRLINES WILL BE INEVITABLE, HOWEVER. CLASSIFIED POUCHES DO NOT PRESENTLY ARRIVE BY PAN AMERICAN AND WILL, THEREFORE, BE UNAFFECTED.

4. THE GROUND, AIRPORT, AND AIRCRAFT-RELATED SERVICES FOR TRANSIT USG AIRCRAFT ARE CURRENTLY HANDLED THROUGH PAN AMERICAN. IN FUTURE THE EMBASSY WILL HAVE TO DEAL DIRECTLY WITH HUNGARIAN AIRLINES "MALEV" AND/OR THE FERRI HEGY AIRPORT AUTHORITY. THIS WILL INTRODUCE COMPLICATIONS IN OBTAINING SUCH SERVICES AND THE BILLING FOR THESE, WHICH IN TURN WILL INCREASE THE WORKLOAD ON THE DAO. WE STRONGLY RECOMMEND THAT THE DEPARTMENT URGE PAN AM TO RECONSIDER ITS DECISION.

5. IF UNFORTUNATELY PAN AM STICKS WITH IT, WE SUGGEST THAT THE DEPARTMENT ISSUE A STATEMENT EXPRESSING REGRET OVER THE PAN AM DECISION IN ORDER TO FORESTALL COMMENT THAT IT IS POLITICALLY MOTIVATED. WE RECOMMEND THAT THE DEPARTMENT EMPHASIZE THAT LIMITED OFFICIAL USE

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THE DECISION WAS TAKEN ON ECONOMIC GROUNDS ONLY.
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